

7109

RECEIVED
LEGISLATIVE AUDITOR
03 APR -4 PM 2:02

**West Monroe - West Ouachita
Chamber of Commerce, Inc.**

**Financial Statements
Years Ended December 31, 2002 and 2001**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4/30/03

West Monroe - West Ouachita Chamber of Commerce, Inc.

December 31, 2002 and 2001

Table of Contents

| | <u>Page</u> |
|--|-------------|
| Independent Auditors' Report ----- | 1 |
| Statements of Financial Position ----- | 3 |
| Statements of Activities ----- | 4 |
| Statements of Cash Flows ----- | 6 |
| Notes to Financial Statements ----- | 7 |

SUPPLEMENTARY INFORMATION

| | |
|---|----|
| Independent Auditors' Report on Compliance and Internal Control over Financial Reporting Based on Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> ----- | 12 |
| Schedule of Findings----- | 14 |
| Summary Status of Prior Year Findings ----- | 17 |



Francis I. Huffman, CPA
L. Fred Monroe, CPA
Esther Atterberry, CPA

John L. Luffey, MBA, CPA (1963-2002)

INDEPENDENT AUDITORS' REPORT

Board of Directors

West Monroe - West Ouachita Chamber of Commerce, Inc.

We have audited the accompanying statements of financial position of the **West Monroe - West Ouachita Chamber of Commerce, Inc.** (the Chamber) as of December 31, 2002 and 2001 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Chamber's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. The standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide* published by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Chamber has kept its records and has prepared its financial statements for previous years on the modified cash basis of accounting. This method differs from generally accepted accounting principles in that the Chamber has not recognized amounts receivable from members or routine trade accounts payable to vendors and others, and their related effects on changes in net assets. As described in Note 2 to the financial statements, the Chamber has adopted the accrual basis of accounting as of January 1, 2001. The appropriate adjustments have been made to net assets as of December 31, 2000, to reflect this change.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Chamber as of December 31, 2002 and 2001 and the results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

**Board of Directors
West Monroe – West Ouachita
Chamber of Commerce, Inc.**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2003, on our consideration of the Chamber's internal control over financial reporting and our test of compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



(A Professional Accounting Corporation)

March 4, 2003

WEST MONROE - WEST OUACHITA CHAMBER OF COMMERCE, INC.
STATEMENTS OF FINANCIAL POSITION

| | December 31, | |
|---|-----------------------|--------------------------|
| | 2002 | 2001 (Restated) |
| ASSETS | | |
| Current Assets | | |
| Cash and Cash Equivalents | \$ 57,647 | \$ 52,494 |
| Investments | 7,400 | 8,999 |
| Accounts Receivable | 16,095 | 48,120 |
| Contributions Receivable | 1,934 | 21,150 |
| Prepaid Expenses | 4,100 | - |
| Total Current Assets | <u>87,176</u> | <u>130,763</u> |
| Property, Plant and Equipment | | |
| Land | 42,982 | 42,982 |
| Building | 170,968 | 170,968 |
| Equipment | 46,907 | 43,433 |
| Furniture and Fixtures | 33,497 | 33,497 |
| Improvements | 28,778 | 28,778 |
| Total Property, Plant and Equipment | <u>323,132</u> | <u>319,658</u> |
| Less: Accumulated Depreciation | <u>(78,948)</u> | <u>(54,542)</u> |
| Net Property, Plant and Equipment | <u>244,184</u> | <u>265,116</u> |
| TOTAL ASSETS | <u><u>331,360</u></u> | <u><u>395,879</u></u> |
| LIABILITIES AND NET ASSETS | | |
| Current Liabilities | | |
| Accounts Payable | 1,250 | 5,050 |
| Accrued Payroll Taxes | 14,227 | 6,489 |
| Deferred Revenue | | |
| Membership Dues | 57,888 | 81,891 |
| Current Portion of Capital Lease Obligation | - | 3,878 |
| Total Current Liabilities | <u>73,365</u> | <u>97,308</u> |
| Net Assets | | |
| Unrestricted - Undesignated | 249,615 | 288,592 |
| Temporarily Restricted | 8,380 | 9,979 |
| Total Net Assets | <u>257,995</u> | <u>298,571</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u><u>331,360</u></u> | <u><u>\$ 395,879</u></u> |

The accompanying notes are an integral part of these statements.

WEST MONROE - WEST OUACHITA CHAMBER OF COMMERCE, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED

| | December 31, 2002 | | | December 31, 2001 (Restated) | | |
|--|-------------------|---------------------------|-----------------|---------------------------------|---------------------------|-----------------|
| | Unrestricted | Temporarily Restricted | Total | Unrestricted | Temporarily Restricted | Total |
| Support and Revenue | | | | | | |
| Membership dues | \$ 132,154 | \$ - | \$ 132,154 | \$ 149,883 | \$ - | \$ 149,883 |
| Contributions | 1,198 | 275 | 1,473 | 1,148 | - | 1,148 |
| Membership directory | 12,400 | - | 12,400 | 9,500 | - | 9,500 |
| Interest income | 554 | 126 | 680 | 2,897 | 361 | 3,258 |
| Other income | 10,009 | - | 10,009 | 7,397 | - | 7,397 |
| Economic development | 57,625 | - | 57,625 | 45,832 | - | 45,832 |
| Education | 7,830 | - | 7,830 | 3,882 | - | 3,882 |
| Governmental affairs | - | - | - | 2,975 | - | 2,975 |
| Member services | 18,416 | - | 18,416 | 16,353 | - | 16,353 |
| Membership development | 24,364 | - | 24,364 | 22,594 | - | 22,594 |
| Fund raising activities | 18,726 | - | 18,726 | 10,201 | - | 10,201 |
| Total | 283,276 | 401 | 283,677 | 272,662 | 361 | 273,023 |
| Net assets released from restrictions | 2,000 | (2,000) | - | 50,000 | (50,000) | - |
| Total Support and Revenue | 285,276 | (1,599) | 283,677 | 322,662 | (49,639) | 273,023 |
| Expenses | | | | | | |
| Program services | | | | | | |
| Economic development | 45,331 | - | 45,331 | 43,587 | - | 43,587 |
| Education | 24,864 | - | 24,864 | 13,892 | - | 13,892 |
| Governmental affairs | 10,279 | - | 10,279 | 11,517 | - | 11,517 |
| Member services | 25,842 | - | 25,842 | 29,686 | - | 29,686 |
| Supporting services | | | | | | |
| Management and general | 161,454 | - | 161,454 | 137,280 | - | 137,280 |
| Membership development | 46,041 | - | 46,041 | 47,884 | - | 47,884 |
| Fund raising | 10,442 | - | 10,442 | 16,001 | - | 16,001 |
| Total Expenses | 324,253 | - | 324,253 | 299,847 | - | 299,847 |
| Excess (Deficit) of support and revenue over expenses | (38,977) | (1,599) | (40,576) | 22,815 | (49,639) | (26,824) |

(Continued)

The accompanying notes are an integral part of these statements.

WEST MONROE - WEST OUACHITA CHAMBER OF COMMERCE, INC.
STATEMENTS OF ACTIVITIES (CONCLUDED)
FOR THE YEARS ENDED DECEMBER 31,

| | December 31, 2002 | | | December 31, 2001 (Restated) | | |
|---|-------------------|---------------------------|-------------------|---------------------------------|---------------------------|-------------------|
| | Unrestricted | Temporarily Restricted | Total | Unrestricted | Temporarily Restricted | Total |
| Other income | | | | | | |
| Gain on sale of assets | - | - | - | 19,245 | - | 19,245 |
| Net increase (decrease) in net assets | (38,977) | (1,599) | (40,576) | 42,060 | (49,639) | (7,579) |
| Net assets at beginning of year | | | | | | |
| As previously reported | 288,592 | 9,979 | 298,571 | 247,601 | - | 247,601 |
| Adjustment for change in accounting principle (Note 2) | - | - | - | (1,069) | 50,000 | 48,931 |
| Adjustment for understatement of funds owned or controlled by the Chamber (Note 3) | - | - | - | - | 9,618 | 9,618 |
| Balance at beginning of year as restated | 288,592 | 9,979 | 298,571 | 246,532 | 59,618 | 306,150 |
| Net assets at end of year | <u>\$ 249,615</u> | <u>\$ 8,380</u> | <u>\$ 257,995</u> | <u>\$ 288,592</u> | <u>\$ 9,979</u> | <u>\$ 298,571</u> |

WEST MONROE - WEST OUACHITA CHAMBER OF COMMERCE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED

| | <u>December 31,</u> | |
|--|-------------------------|-------------------------|
| | <u>2002</u> | <u>2001</u> |
| | | (Restated) |
| Cash flow from Operating Activities: | | |
| Decrease in net assets | \$ (40,576) | \$ (7,579) |
| Adjustments to reconcile decrease in net assets to net cash provided by operating activities: | | |
| Depreciation | 24,406 | 22,834 |
| Gain on sale of lot | - | (19,425) |
| Donated property, plant and equipment | (1,198) | (1,148) |
| Changes in current assets and liabilities: | | |
| Investments | 1,599 | (361) |
| Accounts receivable | 32,025 | (18,423) |
| Contributions receivable | 19,216 | 28,850 |
| Prepaid expenses | (4,100) | - |
| Accounts payable | (3,800) | (2,014) |
| Accrued payroll taxes | 7,738 | 5,764 |
| Deferred revenue | (24,003) | 5,175 |
| Total Adjustments | <u>51,883</u> | <u>21,252</u> |
| Net cash provided by operating activities | <u>11,307</u> | <u>13,673</u> |
| Cash flow from Investing Activities: | | |
| Proceeds from sale of assets | - | 20,475 |
| Purchase of equipment | <u>(2,276)</u> | <u>(10,327)</u> |
| Net cash provided (used) by investing activities | <u>(2,276)</u> | <u>10,148</u> |
| Cash flow from financing activities: | | |
| Payment on notes payable | - | (58,337) |
| Payment on capital lease payable | <u>(3,878)</u> | <u>(4,853)</u> |
| Net cash used by financing activities: | <u>(3,878)</u> | <u>(63,190)</u> |
| Net increase (decrease) in cash and cash equivalents | 5,153 | (39,369) |
| Cash and cash equivalents - beginning of year | <u>52,494</u> | <u>91,863</u> |
| Cash and cash equivalents - end of year | <u><u>\$ 57,647</u></u> | <u><u>\$ 52,494</u></u> |
| Noncash investing activities: | | |
| Receipt of donated furniture, fixtures and equipment | <u>\$ 1,198</u> | <u>\$ 1,148</u> |
| Interest Paid | <u><u>\$ 226</u></u> | <u><u>\$ 2,521</u></u> |

The accompanying notes are an integral part of these statements.

West Monroe – West Ouachita Chamber of Commerce, Inc.
Notes to Financial Statements
Years Ended December 31, 2002 and 2001

Note 1 - Summary of Significant Accounting Policies

A. Organization

The West Monroe Chamber of Commerce, Inc. was incorporated under the laws of the State of Louisiana in March 1956, for the purpose of providing opportunities conducive to stable economic growth to enhance the quality of life for the citizens of the area. Due to the tremendous population growth throughout west Ouachita Parish, in 1986 the Board of Director's deemed it feasible to change the name to the West Monroe – West Ouachita Chamber of Commerce, Inc. (the Chamber). The Chamber receives dues for membership principally from businesses and individuals located in the City of West Monroe, Louisiana, and western Ouachita Parish.

B. Basis of Presentation and Accounting

The accompanying financial statements present activity only for the general operating cash accounts of the Chamber. Accordingly, accounts administered for and on behalf of outside parties are not presented.

The financial statements have been prepared on the accrual basis of accounting and in conformity with the standards promulgated by the American Institute of Certified Public Accountants in its *Audit Guide for Not-For-Profit Organizations*.

The financial statements of the Chamber are presented as recommended by the Financial Accounting Standards Board in Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Chamber is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

C. Investments

Investments (consisting of certificates of deposit) are stated at amortized cost, which approximates market value. For the purpose of the statement of cash flows, the Chamber considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

D. Contributions

The Chamber has also adopted SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

West Monroe – West Ouachita Chamber of Commerce, Inc.
Notes to Financial Statements
Years Ended December 31, 2002 and 2001

E. Property and Equipment

The Chamber capitalizes all expenditures for property and equipment in excess of \$300. Purchased property and equipment are carried at cost. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Depreciation is recorded on the straight-line basis over the estimated useful lives of the assets. Estimated useful lives are generally as follows: Buildings, 20 years; Furniture & Fixtures, 7 years; Equipment, 5-7 years; and Building Improvements, 7-10 years. Depreciation expense in 2002 and 2001 was \$24,406 and \$22,834, respectfully.

F. Tax Status

The Chamber has qualified as an organization exempt from federal income taxes pursuant to Section 501(c)(6) of the Internal Revenue Code; therefore, there is no provision for income taxes in the accompanying financial statements.

G. Net Assets

Temporarily restricted net assets represent funds restricted by the donors for the Adopt-A-School program and for education and business college scholarships. As the Chamber expends these funds the restrictions will be removed and these amounts will be reclassified to unrestricted net assets.

Net assets included on the Statement of Financial Position include only those assets considered for use by the Chamber in support of its mission. The Chamber administers the scholars' banquet for a foundation consisting of the Junior League of Monroe, Monroe Chamber of Commerce, NewsStar World Publishing Company, Bank One, and the Chamber. The following accounts are not included in the accompanying financial statement because they are neither owned nor controlled by the Chamber.

Scholar's Banquet CD

Scholar's Banquet Checking

H. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported revenues and expenses during the relevant period. Actual results could differ from the estimates.

West Monroe – West Ouachita Chamber of Commerce, Inc.
Notes to Financial Statements
Years Ended December 31, 2002 and 2001

Note 2 - Change in Accounting Method

In 2001 the Chamber changed its method of accounting from the modified cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles, to the accrual basis of accounting. This also included the adoption of Statement of Financial Accounting Standards No. 116 and 117. The effect of this change in accounting method was to increase net assets as of January 1, 2001, in the amount of \$48,931.

Note 3 - Correction of an Error

During 2002 the Chamber became aware that they were responsible for accounting for the funds of the Adopt-A-School, Education Scholarship and Business Scholarship programs. The Adopt-A-School funds were given by local businesses and the Ouachita Parish School Board in order to purchase signs recognizing the business that sponsored a particular school. The Education and Business Scholarship funds are the monies that remained from contributions by individuals and businesses to provide the promotion for a school tax on the west side of the Ouachita River. Each year, from these scholarship funds, a graduating senior is chosen and provided a \$500 scholarship. The certificate of deposits that provides the funds of the scholarships is maintained in the name of the Chamber. The net effect of this correction of an error is to increase net assets by \$9,618 as of January 1, 2001. The financial statements for 2001 have been restated to conform with the current year presentation.

Note 4 - Contributions Receivable

Contributions receivable represent unconditional promises to give by donors. All contributions are expected to be collected during the next fiscal year and are recorded at their net realizable value. These pledges were restricted to payment of debt incurred for the purchase of an office building. During 2002 and 2001 the Chamber received \$19,216 and \$28,850, respectfully, leaving a balance to be received of \$1,934.

Note 5 - Deferred Revenues

The Chamber bills its membership for dues three times per year. Deferred revenue represents amounts billed during the current year for membership dues that are not earned until the following year.

West Monroe – West Ouachita Chamber of Commerce, Inc.
Notes to Financial Statements
Years Ended December 31, 2002 and 2001

Note 6 - Employee Benefit Plan

The Chamber provides a defined contribution retirement plan for eligible employees. To participate in the plan, employees must be at least 21 years of age and have provided one year of service. The Chamber contributes 5% of each participating employee's earnings. Employees may contribute 1% to 10% of their earnings on an after-tax basis. The Chamber contributed \$8,032 in 2002 and \$4,462 in 2001.

Note 7 - Capital Lease

During the year 1999, the Chamber leased a copy machine from Mita Copystar America, Inc. under a capital lease. The economic substance of the lease is that the Chamber is financing its acquisition through the lease and accordingly, it is recorded in the Chamber's assets and liabilities. The leased asset is included in Property, Plant and Equipment at \$14,326. The lease was paid off during 2002 and the Chamber exercised its option to purchase the copier.

The Chamber paid \$226 and \$517 in interest on the capital lease during 2002 and 2001, respectively.

Amortization of the equipment that is held under the capital lease is included in depreciation expense.

SUPPLEMENTARY INFORMATION



Francis I. Huffman, CPA
L. Fred Monroe, CPA
Esther Atterberry, CPA

John L. Luffey, MBA, CPA (1963-2002)

**REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

**Board of Directors
West Monroe – West Ouachita
Chamber of Commerce, Inc**

We have audited the financial statements of the **West Monroe-West Ouachita Chamber of Commerce, Inc** (the Chamber) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated March 4, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

Compliance

As part of obtaining reasonable assurance about whether the Chamber's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Chamber's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over the financial reporting. However, we noted certain matters involving internal control over financial reporting and its operations that we consider to be reportable conditions. Reportable conditions involve those matters coming to our attention relating to significant deficiencies in the design or operation of internal control over financial reporting that, in our judgement, could adversely affect the Chamber's ability to record, process, summarized and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying Schedule of Findings as items 02-01 and 02-02.

(318) 387-2672 • FAX (318) 322-8866 • www.lhm-cpas.com

1100 N 18th ST • PO Box 4745 • Monroe LA 71211-4745

MEMBERS OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

**Board of Directors
West Monroe – West Ouachita
Chamber of Commerce, Inc**

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters over internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be a material weakness. However, we consider items 02-01 and 02-02 to be material weaknesses.

This report is intended for the information of management of the Chamber, other entities granting funds to the Chamber and the Legislative Auditor of the State of Louisiana and is not intended to be used and should not be used by anyone other than these specified parties.



(A Professional Accounting Corporation)

March 4, 2003

WEST MONROE – WEST OUACHITA CHAMBER OF COMMERCE
SCHEDULE OF FINDINGS
DECEMBER 31, 2002

02-01 - CASH RECEIPTS AND MEMBERSHIP BILLING

Finding:

There is a lack of internal controls over the handling the cash receipts and membership billing.

As the mail is received the receptionist separates it and distributes it to various individuals. The individual that is responsible for maintaining the membership records is in charge of opening the membership mail, posting the receipts to the member accounts and printing and mailing the member invoices and statements without review by the president before mailing. After the receipts are posted to the member's account, a cash receipt journal is not printed to verify the amounts posted. This individual then gives the checks or cash to the president to make the deposit. The president does not have anything to show how much was posted to the membership records in order to verify how much the deposit should be. The president posts the deposit to the general ledger.

Without a listing of checks that come to the Chamber, there is no way to verify that all checks and cash received are actually making it to the bank. Since the president does not receive a cash receipts journal, she cannot verify that the amount of the deposit equals the amount posted to the membership records. The president does not see the monthly membership statements before they are mailed and therefore the individual over membership records has complete control over that area.

Recommendation:

We recommend the following:

1. The mail should be received and opened by the receptionist and a list made of the checks received. This list should include the following:
 - a) From whom the check is received
 - b) The check number
 - c) The amount of the check

If the above list is too time consuming, then an option would be to run two copies of the checks along with an adding machine tape on each. Once the list is complete, or the copies made, one copy should be given to the President and the other copy along with the checks should be given to the individual in charge of maintaining the membership records.

WEST MONROE – WEST OUACHITA CHAMBER OF COMMERCE
SCHEDULE OF FINDINGS
DECEMBER 31, 2002

2. The individual in charge of membership should post the receipts to the members records and print out a cash receipts journal and compare it to the adding machine tape attached to the copies. After posting the member's account, this individual should prepare a deposit slip in duplicate and make the deposit at the bank. One copy of the deposit slip should be maintained for her records and the other validated deposit slip along with a copy of the cash receipts journal should be given to the President.
3. The President should compare the list of checks received to the cash receipts report and the validated deposit slip and initial and date all of these items. She will then post the deposit to the general ledger.
4. Before the monthly statements are mailed, they should be given to the president for review and the President or the receptionist should mail the statements without them going back to the person in charge of membership.

Management's Corrective Action Plan:

We agree.

1. The receptionist will open all mail and make a duplicate copy of all checks received. The receptionist will add the total of the checks and staple a copy of the adding machine tape to each set of checks. One copy will be given to the President and the other copy, and the checks to be posted and deposited, will be given to the individual in charge of maintaining the membership records.
2. The individual in charge of membership will post the receipts to the members' records and print out a cash receipt journal, which will be compared to the adding machine tape attached to the copies of the checks. After posting the member's account, this individual will prepare a deposit slip in duplicate and make the deposit at the bank. One copy of the deposit slip will be maintained for her records and the other validated deposit slip along with a copy of the cash receipts journal will be given to the President.
3. The President will compare the list of checks received to the cash receipts report and the validated deposit slip then initial and date all of these items. She will post the deposits to the general ledger.
4. Before the monthly statements are mailed, they will be given to the President for review. The President or the receptionist will mail the statements without them being returned to the person in charge of membership.

WEST MONROE – WEST OUACHITA CHAMBER OF COMMERCE
SCHEDULE OF FINDINGS
DECEMBER 31, 2002

02-02 - CONTROLS OVER DISBURSEMENTS

Finding;

Controls over cash disbursements are concentrated in the hands of one individual.

The president of the Chamber receives, approves, and pays all invoices for expenses included in the annual budget. The board of directors approve all expenses not budgeted. During the year, the board of directors approved a change in the signatures required for all checks issued by the Chamber. Disbursements of \$1,000 or less, which are included in the annual budget, require only the president's signature. Prior to this change, all disbursements required two signatures: the president and/or chairman, past chairman, or treasurer. In addition to only one signature being required on the disbursement checks issued by the Chamber, no one reviews items returned in the bank statement to insure that everything is valid. The bank statements are given unopened to the accounting firm, who reconciles the bank but does not review the returned items.

The effect of the above situation is that invalid disbursements could be made and therefore funds misappropriated over a period of time and not be caught in a timely manner.

Recommendation:

We recommend that the Chamber reinstate the two signatures required on all checks including payroll checks. All check signers need to review the invoices before signing the checks and therefore understand their control function in the disbursement of funds. By signing the check they are saying that they approve of the disbursement being made. We also recommend that the bank statement come unopened to the president each month for her review of all returned items to insure that they are valid. The bank statement can then be given to the accounting firm for reconciliation.

Management's Corrective Action Plan:

We agree.

The Chamber will reinstate the two signatures required on all checks including payroll checks. All check signers will review the invoices before signing the checks and understand their control function in the disbursement of funds. Further, they understand that by signing the check they are saying that they approve of the disbursement of funds. The bank statements will be given unopened to the President each month for her review of all returned items to insure that they are valid. The bank statements will then be given to the accounting firm for reconciliation.

WEST MONROE – WEST OUACHITA CHAMBER OF COMMERCE, INC.
SUMMARY STATUS OF PRIOR YEAR FINDINGS
DECEMBER 31, 2002

1. Fixed Assets

Finding:

None of the Fixed Assets purchased or donated during the year were capitalized in the general ledger..

Status:

The West Monroe-West Ouachita Chamber of Commerce took the following action. We implemented a policy of recording property, plant, and equipment of items with a cost over \$300. Those items donated were included in the minutes of the Executive Meeting with a fair market value of each item at the time of donation. These items were added to the fixed asset listing in complete detail.